

WASHINGTON, DC – Congressman Joe Courtney today urged eastern Connecticut’s recent college graduates with federal student loans to apply for the U.S. Department of Education’s new “Pay as You Earn” Program to reduce their monthly loan payments. The “Pay as You Earn” program will allow eligible student-loan borrowers to cap monthly payments to 10 percent of discretionary income, and have their loans forgiven after 20 years. The new program goes into effect on December 21, and is more favorable to borrowers than an earlier version of the program, which capped payments at 15 percent and offered forgiveness after 25 years.

“With college costs having grown exponentially in recent decades, student loans are creating a huge cost for recent graduates—and impacting life decisions like whether to buy a home and even when to marry or have children—for years after college,” **said Congressman Courtney.** “‘Pay as You Earn’ will provide tangible help, lowering monthly payments for graduates struggling to stay current with their bills.”

Under the new capped payments of “Pay as You Earn,” a student with \$26,000 in debt and \$30,000 in income would pay \$110 per month, compared to \$166 for a borrower currently on the income-based repayment, according to the Federal Register. “Pay as You Earn” is modeled after provisions passed as part of the Student Aid and Fiscal Responsibility Act of 2010 and the College Cost Reduction and Access Act. Congressman Courtney was a member of the House Education and Labor Committee, which crafted these measures.

To qualify for “Pay as You Earn,” borrowers must have taken out their first federal student loan after September 30, 2007, and at least one after September 30, 2011. The program applies only to certain direct federal loans, and not to private loans from banks and other non-federal lenders.

For more information on “Pay as You Earn” and federal student loans, students, graduates and families should contact Congressman Courtney’s Norwich office at 860.886.0139 or visit: <http://studentaid.ed.gov/repay-loans/understand/plans/pay-as-you-earn>

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